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1967 Jan 12

MR. SPEAKER

MR. PRESIDENT

MR. PRESIDENT PRO TEM

MEMBERS OF THE 120TH GENERAL ASSEMBLY

FELLOW CITIZENS

THIRD ANNUAL ADDRESS

of

THE HONORABLE CHARLES L. TERRY, JR.

Delivered to the

FIRST REGULAR SESSION OF THE
ONE HUNDRED TWENTY-FOURTH GENERAL ASSEMBLY

of the

STATE OF DELAWARE

DOVER

January 12, 1967

FEB 13 1969

UNIVERSITY OF ILLINOIS

MR. SPEAKER
MR. PRESIDENT
MR. PRESIDENT PRO TEM
MEMBERS OF THE 124th GENERAL ASSEMBLY
FELLOW CITIZENS:

OURS IS A VITAL TASK FOR WE ARE MEETING AT A TIME OF OUR STATE'S GREATEST GROWTH, AT A TIME OF ITS MOST SIGNIFICANT CONTRIBUTION IN THIS UNION OF STATES IN WHICH WE PLAYED A FOUNDING ROLE AND IN THE AFTERMATH OF ONE OF THE MOST PRODUCTIVE GENERAL ASSEMBLIES THAT DELAWARE HAS EVER KNOWN.

WE COME TOGETHER AT A TIME OF DIVISION IN THE POLITICAL MAKE UP OF OUR STATE GOVERNMENT. ALL DELAWARE IS AWARE OF THAT FACT AND IS WATCHING US TO SEE IF OUT OF THAT DIVISION WE CAN FASHION HARMONY, IF OUT OF THAT SPLIT WE CAN BUILD CREATIVELY, IF OUT OF OUR DIFFERENCES WE CAN CONSTRUCT A SPIRIT OF BIPARTISAN COOPERATION FOUNDED ON THE HAND OF FRIENDSHIP AND A MUTUAL DESIRE TO BRING TO THIS STATE A PROGRESSIVE, DYNAMIC GOVERNMENT THAT WILL SERVE THE NEEDS AND DEMANDS OF OUR CITIZENS IN A CONSTRUCTIVE AND ENDURING WAY.

THIS ADMINISTRATION WILL CONTINUE TO PURSUE THAT END.

I KNOW PERSONALLY OR BY REPUTATION ALL OF THE NEW MEMBERS OF THIS GENERAL ASSEMBLY AND I KNOW EACH OF YOU TO BE HONORABLE AND SUBSTANTIAL CITIZENS DEDICATED NOT TO POLITICAL ADVANTAGE BUT TO POSITIVE ACHIEVEMENT THROUGH MEANINGFUL AND PRODUCTIVE DECISIONS. ACCORDINGLY, WE CAN PROCEED WITH CONFIDENCE IN EACH OTHER FROM THIS VERY MOMENT.

AS IN THE PAST ONE OF OUR OVERRIDING CONCERNS WILL BE THE FINANCES OF THE STATE.

Feb 69 direct gift concern

YOU ARE AWARE THAT I HAVE STRESSED AND THIS ADMINISTRATION HAS PRACTICED FINANCIAL RESPONSIBILITY DURING ITS FIRST TWO YEARS IN OFFICE. MY FIRM INTENT IS THAT THIS SAME PHILOSOPHY SHALL PREVAIL FOR THE NEXT TWO YEARS. IN ORDER THAT THERE BE NO LATER MISUNDERSTANDING, I SHOULD LIKE TO SET FORTH HERE SOME IMPORTANT GUIDELINES.

1. WE MUST CONTINUE TO PROGRESS. MANY AREAS OF SERVICE FOR OUR CITIZENS NEED SUBSTANTIAL IMPROVEMENT AND REQUIRE INCREASED FUNDS. AT THIS TIME THE HIGHEST PRIORITIES ARE IN THE PREVENTION OF AIR AND WATER POLLUTION, THE EXPANSION OF HIGHER EDUCATION, THE IMPROVEMENT OF CERTAIN PHASES OF OUR MENTAL HEALTH PROGRAMS, THE DEVELOPMENT OF CERTAIN RECREATIONAL AREAS AND INCREASED EMPHASIS ON HIGHWAY SAFETY.

2. WE MUST CONTINUE TO IMPROVE THE STRUCTURE OF STATE GOVERNMENT. THE PRESENT PRIORITIES IN THIS AREA ARE THE IMPLEMENTATION OF THE MERIT SYSTEM, THE EXPANSION OF OUR VOLUNTARY BULK PURCHASING PROGRAM INTO A MODIFIED CENTRAL PURCHASING OFFICE, THE CREATION OF A STATE ARCHITECT'S OFFICE, AND THE FUNCTIONAL REORGANIZATION OF STATE AGENCIES.

3. IN EACH PRIORITY AREA, WE MUST CONTINUE TO ADVANCE IN POSITIVE BUT PLANNED AND CONTROLLED STEPS. WE DO NOT FORESEE ANY "CRASH" PROGRAMS. THE AGENCIES CAN TAKE ADVANTAGE OF AN EFFECTIVE PROGRAM AND UTILIZE MODERATE BUDGETARY INCREASES EACH YEAR FOR SEVERAL YEARS. CRASH PROGRAMS IN THESE AREAS CAN ONLY LEAD TO WASTE AND INEFFICIENCY.

4. THE GOVERNOR, AS CHIEF EXECUTIVE, IS THE CHIEF FISCAL OFFICER IN THE STATE. IT WILL BE EXPECTED DURING THE NEXT TWO YEARS, AS DURING THE PAST TWO, THAT ALL EXECUTIVE AGENCIES WILL DIRECT THEIR REQUESTS FOR CHANGE IN THE RECOMMENDED EXECUTIVE BUDGET OR FOR SUPPLEMENTARY APPROPRIATIONS TO THE GOVERNOR AND TO THE BUDGET DIRECTOR FOR CONSIDERATION PRIOR TO PLACING SUCH REQUESTS BEFORE THE GENERAL ASSEMBLY.

5. EXCEPT FOR BONA FIDE EMERGENCIES BEYOND THE CONTROL OF THE AGENCY, IT IS EXPECTED THAT ALL EXECUTIVE AGENCIES WILL LIVE WITHIN THEIR BUDGET APPROPRIATION. THIS IS ESPECIALLY TRUE IN THE AREA OF EMPLOYEES' SALARY INCREASES. IT HAS BEEN, AND WILL CONTINUE TO BE, THE POLICY OF THIS ADMINISTRATION TO OPPOSE SUPPLEMENTARY APPROPRIATIONS FOR THE PURPOSE OF INCREASING SALARIES MIDWAY THROUGH A FISCAL YEAR.

6. WE MUST CONTINUE TO ADOPT FISCAL PROGRAMS THAT ASSURE THE STATE OF AN ADEQUATE ANNUAL CASH BALANCE IN THE GENERAL FUND. WE MUST NOT REVERT TO FISCAL POLICIES WHICH PERMIT A GENERAL FUND DEFICIT. OUR BUDGET PROPOSALS SHOULD CAREFULLY WEIGH OUR NEEDS AND RESOURCES WITH THIS GUIDELINE IN MIND IN THIS REGARD, IT IS MY DETERMINATION, FOR THE DURATION OF THIS ADMINISTRATION, TO MEET OUR INCREASED AUTOMATIC REQUIREMENTS AND ADVANCE ALL PRIORITY PROGRAMS WITHOUT ANY TAX INCREASES. NO TAX INCREASES WILL BE RECOMMENDED OR ANTICIPATED BY ME.

7. WE MUST CONTINUE TO EVALUATE OUR ANNUAL CAPITAL IMPROVEMENT ACT PRIMARILY IN TERMS OF PRIORITY NEEDS AND OUR SIX-YEAR CAPITAL IMPROVEMENT PROGRAM. WE MUST GIVE CLOSE ATTENTION TO THE EFFECT THIS ACT WILL HAVE ON OUR TOTAL BONDED DEBT. WE MUST ALSO TAKE INTO CONSIDERATION THE IMPACT THAT INCREASED DEBT SERVICE COSTS WILL HAVE ON OUR ANNUAL OPERATING BUDGET. DURING THE NEXT TWO YEARS IT IS IMPORTANT THAT WE LIMIT OUR CAPITAL IMPROVEMENT ACTS TO A MAXIMUM OF \$40 MILLION ANNUALLY.

8. WE MUST CONTINUE TO SAFEGUARD THE DIVESTITURE REVENUE PRINCIPAL IN THE CAPITAL INVESTMENT FUND. THIS MONEY IS A LEGITIMATE RECEIPT FROM THE PERSONAL INCOME TAX, BUT IT CONSTITUTES A FISCAL ODDITY SINCE A LARGE SUM OF NON-RECURRING REVENUE CAME TO THE STATE IN A SHORT PERIOD OF TIME. IF WE PERMIT SUBSTANTIAL PARTS OF THE PRINCIPAL OF THIS FUND TO BE USED FOR ROUTINE OPERATIONS, THE STATE MAY BE LESS PRUDENT IN EVALUATING NEEDS AND WILL CERTAINLY FACE A FINANCIAL CRISIS WHEN THE FUND IS EXHAUSTED. FOR THIS REASON, I PROPOSE THAT THE UNCOMMITTED BALANCE OF THESE DIVESTITURE MONIES, PLUS ADDITIONAL PRINCIPAL COLLECTED AS TAX RECEIPTS UNDER THE LAW, BE CONSTITUTIONALLY PROTECTED SO THAT THE PRINCIPAL MAY ONLY BE EXPENDED ON APPROVAL OF TWO-THIRDS OF THE MEMBERS OF THE GENERAL ASSEMBLY. DURING THE CURRENT YEAR, AN EXCESS OF \$1.7 MILLION EARNINGS FROM THE CAPITAL INVESTMENT FUND ARE BEING APPLIED TOWARD THE INTEREST ON OUR BONDED DEBT. I PROPOSE THAT NEXT YEAR, AND FOR EACH YEAR IN THE FUTURE, THE EARNINGS FROM THE FUND BE WHOLLY APPLIED TOWARD THE INTEREST ON OUR BONDED DEBT.

9. ON SEVERAL OCCASIONS IN THE PAST, I HAVE PUBLICLY EXPRESSED MY VIEWS ON THE LEVEL OF PASSENGER MOTOR VEHICLE REGISTRATION FEES AND I SHOULD LIKE TO REPEAT THEM NOW SO THAT THERE WILL BE NO MISCONCEPTION. IF THESE FEES ARE RETURNED TO THEIR 1965 LEVEL AND A FLAT \$5.00 INCREASE APPLIED, THE STATE WILL LOSE ABOUT \$750,000 IN REVENUE NEXT YEAR. THE ADMINISTRATION CAN LIVE WITH SUCH A DECREASE AND I WOULD APPROVE SUCH A MEASURE, IF ENACTED. AT THE SAME TIME, I FEEL COMPELLED TO WARN THAT ANY ADDITIONAL APPROPRIATIONS BEYOND THOSE RECOMMENDED HERE WILL REQUIRE EVEN MORE CAREFUL SCRUTINY.

10. WHILE THIS PICTURE IS ONE OF RESTRAINT AND TIGHT BUDGETARY CONTROL, I WANT TO EMPHASIZE THAT I AM NOT SHUTTING THE DOOR ON ANY NEW PROGRAMS THAT THE GENERAL ASSEMBLY MIGHT ADVOCATE. I THINK IT NECESSARY TO STATE, HOWEVER, THAT ANY NEW PROGRAM REQUIRING A SUBSTANTIAL EXPENDITURE WILL HAVE TO COME TO MY DESK ACCOMPANIED BY A REVENUE MEASURE DESIGNED TO RAISE THE FUNDS NEEDED FOR PUTTING THE PROGRAM INTO EFFECT. THAT IS A RESPONSIBLE AND BUSINESSLIKE PROCEDURE.

I TURN NOW TO THE CURRENT FISCAL YEAR, FISCAL 1967. AT THE TIME I BECAME GOVERNOR TWO YEARS AGO, IT WAS THE PROJECTION OF THE BUDGET DIRECTOR THAT THERE WOULD BE A DEFICIT OF ALMOST \$9 MILLION IN THE GENERAL FUND ON JUNE 30, 1967, AND THE GOVERNOR'S REVENUE STUDY COMMITTEE FORESAW A DEFICIT OF \$10 MILLION ON JUNE 30, 1967, and of \$28.4 MILLION ON JUNE 30, 1968. I AM HAPPY TO REPORT TO

YOU THAT WE NOW ESTIMATE A CASH BALANCE OF \$22 MILLION ON JUNE 30, 1967. IT IS TO THE LASTING CREDIT OF THE 123rd GENERAL ASSEMBLY THAT IT PERFORMED ITS DUTY IN THE MOST DIFFICULT AREA IN STATE GOVERNMENT AND LEGISLATION.

THE CASH BALANCE OF \$22 MILLION WILL BE APPROXIMATELY THE SAME AS THE BALANCE THAT EXISTED ON JUNE 30, 1966. THUS, OUR CURRENT ESTIMATE IS THAT WE WILL COMPLETE THE CURRENT FISCAL YEAR WITH A BALANCED BUDGET.

THIS ACHIEVEMENT HAS BEEN MADE POSSIBLE BY A COMBINATION OF SEVERAL FACTORS INCLUDING THE USE OF \$1.7 MILLION OF CAPITAL INVESTMENT FUND EARNINGS, A CALCULATED DELAY IN THE SALE OF AUTHORIZED BONDS, INCREASED INTEREST ON OUR DEPOSITS IN THE FARMERS BANK, AND THE CONTINUED ECONOMIC GROWTH OF OUR COMMUNITY. WHILE OUR INHERITANCE AND STATE TAX REVENUE HAS BEEN ABOVE AVERAGE AND IS NOW ESTIMATED AT \$3.7 MILLION DURING THE CURRENT FISCAL YEAR, IT SHOULD BE NOTED THAT THIS ESTIMATED FIGURE IS THE LOWEST SINCE FISCAL 1962 AND THUS OUR ACHIEVEMENT HAS NOT BEEN MARKED BY UNUSUAL RELIANCE ON THIS REVENUE SOURCE.

IN PURSUING THE SUCCESSFUL COMPLETION OF THIS FISCAL YEAR, WE SHOULD BE ALERT TO LEGITIMATE EMERGENCY NEEDS. THERE ARE SEVERAL SMALL BUT VITALLY IMPORTANT SUPPLEMENTARY APPROPRIATIONS NEEDED DURING THE CURRENT YEAR. THESE INCLUDE \$15,000.00 FOR THE NEW PERSONNEL COMMISSION WHICH WAS ESTABLISHED WITH NO APPROPRIATION,

\$50,000.00 FOR THE NEW WATER AND AIR RESOURCES COMMISSION WHICH WAS ESTABLISHED WITH NO FUNDS FOR ITS ADDITIONAL RESPONSIBILITIES, \$25,000 FOR THE DELAWARE ARTS COUNCIL, \$62,650.00 FOR THE STATE PARK COMMISSION FOR CURRENT OPERATIONS ON THE INDIAN RIVER PARK PRIOR TO THE BEGINNING OF THE SUMMER SEASON. THESE SUPPLEMENTARY APPROPRIATIONS HAVE BEEN TAKEN INTO ACCOUNT IN RECOMMENDING THE BUDGET ACT FOR FISCAL 1968 AND DO NOT MEASURABLY AFFECT THE \$22 MILLION ESTIMATE OF OUR CASH BALANCE ON JUNE 30, 1967.

FOR FISCAL YEAR 1968, AUTOMATIC APPROPRIATIONS AND THE REQUEST OF THE VARIOUS AGENCIES TOTALED \$169.1 MILLION. THIS REPRESENTS NEARLY \$27 MILLION OVER WHAT WE EXPECT TO DISBURSE THIS YEAR.

MY ESTIMATES OF GENERAL FUND REVENUE FOR FISCAL 1968, INCLUDING \$3 MILLION FOR ESTATE AND INHERITANCE TAXES, TOTAL \$147 MILLION. THUS, ONCE AGAIN, IT IS THE OBVIOUS AND INESCAPABLE FACT THAT ALL AGENCY REQUESTS CANNOT BE RECOMMENDED BY ME.

AFTER A CAREFUL REVIEW OF OUR PRESENT AGENCY PROGRAMS AND PROPOSED NEW PROGRAMS, I AM RECOMMENDING FOR FISCAL 1968 A GENERAL FUND BUDGET ACT OF \$149 MILLION. WHEN AUTOMATIC APPROPRIATIONS OF \$7 MILLION AND ROUTINE GRANTS-IN-AID OF \$1.4 MILLION ARE ADDED AND \$3 MILLION IN ESTIMATED REVERSIONS IS DELETED, THE ANTICIPATED GENERAL FUND CASH DISBURSEMENT WILL BE \$154.4 MILLION. THIS IS ABOUT \$7.4 MILLION MORE THAN OUR \$147 MILLION ESTIMATE OF REVENUE FOR FISCAL 1968 AND WILL REDUCE OUR ESTIMATED CASH BALANCE TO \$14.6 MILLION ON JUNE 30, 1968.

THIS RECOMMENDED CASH DISBURSEMENT OF \$154.4 MILLION FOR FISCAL 1968 IS A \$12.4 MILLION INCREASE OVER THE \$142 MILLION EXPECTED TO BE DISBURSED DURING THE CURRENT YEAR. A SUBSTANTIAL PART OF THIS INCREASE, \$7.6 MILLION, FALLS WITHIN AREAS OVER WHICH WE HAVE LITTLE CONTROL AS FOLLOWS:

MILLIONS

| | |
|---------------|---|
| \$ 2.2 | DEBT SERVICE INCREASE |
| \$.6 | STATE EMPLOYEES' PENSION INCREASE |
| \$ 1.0 | TAX REFUND INCREASE |
| \$.7 | DECREASE IN EARNINGS AVAILABLE FROM CAPITAL INVESTMENT FUND |
| \$.9 | STATUTORY SALARY SCHEDULE INCREASES TO SCHOOL TEACHER AND EMPLOYEES |
| \$.7 | STATUTORY SALARY INCREMENTS TO SCHOOL TEACHERS AND EMPLOYEES |
| <u>\$ 1.5</u> | INCREASE IN NUMBER OF PUBLIC SCHOOL PUPIL UNITS |
| \$ 7.6 | |

IN ADDITION, I HAVE RECOMMENDED AN INCREASE OF \$1.2 MILLION FOR HIGHER EDUCATION; \$712,000 FOR THE PUBLIC SCHOOLS INCLUDING INCREASED TRANSPORTATION COSTS, ADDITIONAL CLERICAL PERSONNEL, ADDITIONAL TEACHER SUBSTITUTES AND ADDITIONAL SPECIALISTS, AND AN INCREASE IN THE UNIT ALLOTMENT TO \$900.00. IF WE COUNT MONEY MADE AVAILABLE TO THE SCHOOL DISTRICTS DURING THE CURRENT FISCAL YEAR AND RECOMMENDED TO THEM IN THE BUDGET FOR THE NEXT FISCAL YEAR FOR ROUTINE MAINTENANCE AND REPAIRS, THE UNIT ALLOTMENT WOULD AVERAGE ABOUT \$1,000 IN OUR SCHOOL DISTRICTS.

ADDITIONAL INCREASES INCLUDE \$883,000 FOR IMPROVING THE MENTAL HEALTH PROGRAM, ESPECIALLY AT STOCKLEY; AND \$845,000 FOR OUR OTHER HEALTH AND WELFARE AGENCIES. THE BALANCE OF MY RECOMMENDED INCREASE IS SPREAD OUT OVER ALL THE REMAINING AGENCIES, AND, EXCEPT FOR THE PARK COMMISSION, THE NEW WATER AND AIR RESOURCES COMMISSION, THE NEW PERSONNEL COMMISSION, THE NEW ARTS COUNCIL AND THE NEW UNIFORM COMMERCIAL CODE DIVISION, IS INTENDED PRIMARILY TO IMPROVE EMPLOYEES' SALARIES AND COVER INFLATIONARY INCREASES IN THE PURCHASE OF MATERIALS AND SERVICE.

IN CONCLUDING THIS OUTLINE OF OUR PRESENT FINANCIAL CONDITION AND THE EXECUTIVE BUDGET RECOMMENDATION FOR FISCAL 1968, I MUST IMPART A FEW WORDS OF CAUTION.

IT HAS BEEN ASSUMED THAT THE ECONOMIC GROWTH OF THE PAST FIVE YEARS WILL CONTINUE THROUGHOUT FISCAL 1968; EVEN A MINOR RECESSION COULD DRASTICALLY REDUCE THE ESTIMATES OF REVENUE FROM PERSONAL AND CORPORATE INCOME TAXES.

ALTHOUGH OUR BUDGETS ARE ANNUAL, IT IS IMPORTANT THAT WE LOOK BEYOND THE NEXT FISCAL YEAR. THE MEMBERS OF THIS BODY WILL HAVE THE RESPONSIBILITY FOR ENACTMENT OF THE BUDGET ACT FOR FISCAL 1969, AND THERE IS ONE UNUSUAL MATTER WHICH DIMS THE PROSPECTS FOR THAT YEAR. ON JULY 1, 1968, THE FIRST DAY OF FISCAL 1969, WE WILL HAVE TO PAY THE FULL PRINCIPAL ON A \$2.5 MILLION HIGHWAY IMPROVEMENT BOND ISSUE, THE ONLY BOND ISSUE IN MODERN DELAWARE HISTORY THAT WAS NOT AMORTIZED.

NOT WITHSTANDING THE DIFFICULTIES THAT LIE AHEAD, MY ADMINISTRATION IS DETERMINED TO KEEP THE FOLLOWING COMMITMENTS OVER THE "BIENNIUM:"

1. MEET ALL PRIORITY NEEDS IN AREAS OF PUBLIC SERVICE WITHIN THE LIMITS OF EFFICIENT EXPANSION.

2. ENACT NO TAX INCREASES.

3. LEAVE THE NEXT ADMINISTRATION AND GENERAL ASSEMBLY WITH A SUBSTANTIAL CASH BALANCE ON JUNE 30, 1969.

ON BALANCE, WE CAN FACE THE IMMEDIATE FUTURE WITH CAUTIOUS OPTIMISM. WHILE THE PROSPECTS ARE NOT AS FAVORABLE AS WE IDEALLY DESIRE, THEY ARE CONSIDERABLY BETTER THAN THEY WERE AND THEY INSURE OUR CONTINUED PROGRESS. AS I SEE IT, THIS IS THE FISCAL PICTURE AS WE BEGIN WHAT I HOPE WILL PROVE TO BE ANOTHER HISTORIC SESSION OF THE DELAWARE GENERAL ASSEMBLY.

LET US CONSTANTLY REMEMBER THAT WE ARE FOLLOWING UPON THE HEELS OF A TRULY GREAT LEGISLATURE WHICH ENACTED LANDMARK REFORMS AND PROGRAMS THAT HAVE BEEN ADVOCATED FOR DECADES BUT WHICH, FOR ONE REASON OR ANOTHER, HAD PREVIOUSLY FAILED OF ADOPTION.

IT IS NOT MY INTENT TO REST ON THE LAURELS OF THAT GENERAL ASSEMBLY AND BECOME A PASSIVE CHIEF OF STATE.

ACCORDINGLY, I STRONGLY URGE YOU TO FOLLOW THROUGH WITH THE DYNAMIC ACTIVITY THAT THE 123rd GENERAL ASSEMBLY SO AUSPICIOUSLY GENERATED.

THAT INCLUDES IMPLEMENTATION OF THE MERIT SYSTEM, STRENGTHENING OF THE WATER AND AIR RESOURCES COMMISSION SO THAT IT CAN ACT VIGOROUSLY TO DELIVER US FROM PRESENT POLLUTION AND PRESERVE US FROM THE HEALTH THREAT THAT HAS SCARED OUR NEIGHBORING STATES, AND THE ESTABLISHMENT IN FACT OF TECHNICAL-COMMUNITY SCHOOLS IN SUSSEX AND NEW CASTLE COUNTIES.

THE TECHNICAL SCHOOL BOARD OF TRUSTEES HAS BEEN WORKING DILIGENTLY AND THEIR COMPREHENSIVE REPORT, TOGETHER WITH RECOMMENDED LEGISLATION, WILL BE READY FOR SUBMITTAL IN THE NEAR FUTURE.

IN THE PAST FEW WEEKS WE HAVE READ MUCH ABOUT THE WOLCOTT COMMITTEE REPORT WHICH HAS BEEN RELEASED AFTER MORE THAN A YEAR OF PREPARATION. PUBLIC HEARINGS ON THAT REPORT, UNDER A TEAM OF CONCERNED CITIZENS, ARE ABOUT TO BEGIN.

UNQUESTIONABLY, SOME SCHOOL CONSOLIDATION IS IMPERATIVE AS AN ADJUNCT TO THE GOOD EDUCATION OF OUR CHILDREN IN THE SECONDARY GRADES. I AM CALLING UPON THE PEOPLE, THE GENERAL ASSEMBLY AND THE SCHOOL DISTRICTS TO WORK TOGETHER TOWARD THE ESTABLISHMENT OF DISTRICTS WHICH WILL BE MEANINGFUL IN TERMS OF THE BEST MODERN EDUCATIONAL KNOWLEDGE OF FINANCE AND CURRICULUM. WHAT WE SEEK IS THE BEST POSSIBLE EDUCATIONAL FOUNDATION FOR OUR YOUNG PEOPLE.

CONSTRUCTIVE CONSOLIDATION OF INEFFICIENT SMALL DISTRICTS WOULD NOT ONLY MAKE IMPROVED EDUCATIONAL PROGRAMS POSSIBLE BUT WOULD ALSO EFFECT SAVINGS BY:

1. ALLOWING GREATER FLEXIBILITY IN THE USE OF SCHOOL BUILDINGS.
2. PERMIT GREATER FLEXIBILITY IN SCHEDULING PUPIL TRANSPORTATION.
3. HELP TO EQUALIZE THE PROPERTY TAX BASE BY BRINGING THE EXTREMES CLOSER TOGETHER.
4. INCREASE BULK PURCHASING OF MANY SUPPLIES AND MATERIALS.

BEFORE I DEPART FROM THE REALM OF EDUCATION, I WANT TO SAY DURING THE CURRENT FISCAL YEAR WE WILL FINANCE OUR SCHOOLS BY \$1,228,000 OVER AND ABOVE NORMAL GROWTH AND WILL SPEND AT LEAST \$1,168,000 OVER NORMAL GROWTH DURING THE FISCAL YEAR BEGINNING NEXT JULY 1.

IT IS A PLEASURE TO REPORT HERE THAT THE GOVERNOR'S GOALS COMMITTEE, WHICH HAS BEEN STEADFASTLY AT WORK FOR MOST OF MY TWO YEARS IN OFFICE, HAS ITS REPORT REGARDING CONSOLIDATION OF STATE AGENCIES NEARLY READY TO SUBMIT.

I AM FAMILIAR, IN GENERAL TERMS, WITH ITS RECOMMENDATIONS WHICH I BELIEVE WILL BE OF GREAT VALUE AND IMPORTANCE TO THE PROGRESS OF OUR GOVERNMENT. LEGISLATION TO ACCOMPANY THE REPORT IS ALSO BEING PREPARED.

WHEN IT IS READY, I INTEND TO COME BEFORE THE GENERAL ASSEMBLY, WITH THE CONCURRENCE OF THE TWO HOUSES, AND PRESENT THE PROPOSALS TO YOU IN THEIR ENTIRETY.

ALONG THOSE LINES, I WANT TO SAY HERE THAT WITH YOUR KIND INDULGENCE IT WILL BE MY POLICY, AS IT WAS THROUGHOUT THE LIFE OF

THE 123rd GENERAL ASSEMBLY, TO SPEAK IN THIS FORUM WHENEVER A MAJOR PROGRAM IS TO BE INTRODUCED IN THE FORM OF LEGISLATION OR AT ANY OTHER SUCH TIME WHEN I MIGHT HAVE INFORMATION OR SUGGESTIONS THAT, IN MY OPINION, WILL BE USEFUL TO EACH OF YOU AS YOU GO ABOUT YOUR IMPORTANT DELIBERATIONS.

AS IN PAST YEARS, THERE WILL BE SEVERAL GOVERNOR'S CONFERENCES TO BE HELD DURING 1967 TO WHICH ALL OF YOU, AS MEMBERS OF THE GENERAL ASSEMBLY, WILL BE INVITED. A CONFERENCE ON TRAVEL AND RECREATION IS ALREADY SCHEDULED FOR MARCH UNDER THE SPONSORSHIP OF THE STATE DEVELOPMENT DEPARTMENT. TOURISM IS A MULTI-MILLION DOLLAR INDUSTRY IN DELAWARE, PARTICULARLY WHEN RELATED TO RECREATION, AND IT IS ESSENTIAL FOR US TO ENCOURAGE ITS PROMOTION AND DEVELOPMENT. OUR THEME OF "WONDERFUL DELAWARE" IS BEGINNING TO SHOW BENEFICIAL RESULTS IN ECONOMIC TERMS AND I HOPE THAT WE CAN CONTINUE THE EFFORT EVEN MORE DYNAMICALLY IN THE FUTURE.

INDUSTRIAL DEVELOPMENT IS ALSO AT A HIGH LEVEL AND I THINK IT SIGNIFICANT THAT SINCE 1965, DELAWARE HAS ADDED 35 NEW OR VASTLY EXPANDED INDUSTRIAL OPERATIONS TO ITS VIBRANT ECONOMY.

SHORTLY AFTER THE FIRST OF THE YEAR, I ADDED TO MY STAFF A MANAGEMENT ANALYST. HIS MAJOR RESPONSIBILITY WILL BE IN THE AREA OF STATE-FEDERAL RELATIONSHIPS, ESPECIALLY IN SO FAR AS OBTAINING FEDERAL FUNDS FOR DELAWARE IS CONCERNED. ALREADY HIS EMPLOYMENT HAS PRODUCED BENEFICIAL RESULTS AND I FULLY EXPECT OUR STATE TO

REALIZE A GREATER SHARE OF REVENUE FROM FEDERAL PROGRAMS. DELAWARE TAXPAYERS REMIT MORE THAN \$1 BILLION ANNUALLY TO THE FEDERAL GOVERNMENT IN TAXES AND RECEIVE LESS THAN \$50 MILLION IN RETURN FOR STATE SUPPORTED PROGRAMS.

A CAPITAL BUDGET ACT IS BEING PREPARED AND WILL BE SUBMITTED TO THIS ASSEMBLY MUCH EARLIER THAN HAS BEEN THE CASE IN THE PAST. AT THE TIME OF ITS SUBMISSION, I EXPECT TO COME BEFORE THE GENERAL ASSEMBLY AND EXPLAIN ITS MAJOR PROVISIONS AND THE MOTIVATION USED IN MAKING OUR SELECTIONS OF WHICH PROGRAMS TO PURSUE AND WHICH TO POSTPONE. HOWEVER, I WANT TO EXPLAIN TO YOU AT THIS TIME THE CLEAR AND PRESENT NEED FOR IMMEDIATE AUTHORIZATION BY THE GENERAL ASSEMBLY OF THREE PROJECTS.

THESE PROJECTS ARE A PART OF MY RECOMMENDED CAPITAL BUDGET. THEY HAVE BEEN CAREFULLY EVALUATED AND I BELIEVE THE FAILURE TO AUTHORIZE THEM IMMEDIATELY WILL RESULT IN SERIOUS CURTAILMENT OF OUR PROGRESS AND SERVICE TO THE PEOPLE OF DELAWARE.

THE PROJECTS INCLUDE PATIENT TREATMENT FACILITIES FOR THE DEPARTMENT OF MENTAL HEALTH, A CONVERSION OF WILLIAM JASON HIGH SCHOOL INTO FACILITIES FOR THE DELAWARE TECHNICAL AND COMMUNITY COLLEGE AND IMPROVEMENT AND DEVELOPMENT OF RECREATIONAL FACILITIES IN THE INDIAN RIVER INLET AREA OF OUR BEACHLANDS. APPROPRIATE LEGISLATION WILL BE SUBMITTED WITHIN TWO WEEKS.

THE RECENT FIRE IN THE NEW CASTLE BUILDING OF THE STATE HOSPITAL HAS CREATED A SEVERE PATIENT HOUSING AND TREATMENT PROBLEM FOR THE DEPARTMENT OF MENTAL HEALTH. FUNDS IN THE AMOUNT OF \$2,750,000 HAVE BEEN REQUESTED TO CONSTRUCT A SUSSEX TREATMENT UNIT OF 150 BEDS AND PROVIDE FOR THE CONSTRUCTION OF SPACE FOR AN ADDITIONAL 50 BEDS IN THE PRESENTLY AUTHORIZED KENT TREATMENT UNIT. I RECOMMEND THAT THESE FUNDS BE AUTHORIZED IMMEDIATELY THROUGH THE USE OF GENERAL OBLIGATION BONDS SINCE PATIENTS AT THE STATE HOSPITAL ARE CURRENTLY IN VERY CROWDED QUARTERS WHICH PRECLUDES GIVING THEM THE CARE AND TREATMENT THAT THEIR SITUATION WARRANTS.

THE LAST GENERAL ASSEMBLY CREATED THE DELAWARE INSTITUTE OF TECHNOLOGY FOR POST HIGH SCHOOL STUDENTS. WHILE I PLAN TO SPEAK TO YOU IN THE NEAR FUTURE ON THE TOTAL RECOMMENDATIONS OF THE BOARD OF TRUSTEES OF THAT ORGANIZATION, IT IS APPROPRIATE TO POINT OUT HERE THAT ITS PLANS INCLUDE CONVERSION OF THE WILLIAM JASON HIGH SCHOOL AT GEORGETOWN INTO A TECHNICAL AND COMMUNITY COLLEGE. BY MAKING AVAILABLE IMMEDIATELY FUNDS IN THE AMOUNT OF \$1,540,000, IT IS ANTICIPATED THAT THIS COLLEGE MAY BE OPEN FOR STUDENT ENROLLMENT IN SEPTEMBER OF THIS YEAR. SINCE SUCH A PROGRAM WILL IMMEASURABLY ASSIST INDUSTRIES ALREADY OPERATING IN DELAWARE AND SERVE AS AN INDUCEMENT TO OTHER BUSINESS AND INDUSTRY TO LOCATE WITHIN OUR BORDERS, IT IS IMPERATIVE THAT YOU GIVE IMMEDIATE CONSIDERATION TO THIS RECOMMENDATION.

DURING THE PAST SUMMER, THE PUBLIC BEACHLANDS WERE TRANSFERRED FROM THE STATE HIGHWAY DEPARTMENT TO THE JURISDICTION OF THE STATE PARK COMMISSION. THERE IS A GREAT DEMAND FOR IMPROVEMENT OF THE BEACHLANDS FOR RECREATIONAL PURPOSES SINCE THOUSANDS OF OUR OWN CITIZENS, PLUS HUNDREDS FROM OUT-OF-STATE, TAKE ADVANTAGE OF THE AVAILABILITY OF THE STATE-OWNED FACILITIES. IN ORDER TO MAKE THE USE OF THE AREA ACCESSIBLE TO THE PUBLIC THIS SUMMER WITH THE NECESSARY PARKING, SANITARY AND RELATED FACILITIES, CONSTRUCTION MUST BEGIN VERY SOON. AN ENTIRE RECREATION SEASON WILL BE LOST IF THIS AUTHORIZATION WERE TO BECOME EFFECTIVE ON JULY 1, 1967, INSTEAD OF NOW. I AM RECOMMENDING, THEREFORE, THAT FUNDS IN THE AMOUNT OF \$600,000 BE AUTHORIZED AT THIS TIME AND THAT THE FUNDS BE TAKEN FROM THE CAPITAL INVESTMENT FUND.

A LEGISLATIVE BUILDING COMMITTEE WAS APPOINTED BY JOINT RESOLUTION OF THE LAST GENERAL ASSEMBLY. THE COMMITTEE HAS BEEN HARD AT WORK WITH THE SERVICES OF AN ARCHITECT AND HAS MADE A REPORT CALLING FOR THE EXPANSION OF LEGISLATIVE HALL. IT IS IMPORTANT THAT THIS WORK CONTINUE UNIMPEDED AND TO THAT END IT IS NECESSARY TO AUTHORIZE FUNDS FOR THE PROJECT. THE ENTIRE STATE IS SERVED BY LEGISLATIVE HALL AND MEMBERS OF THE GENERAL ASSEMBLY SHOULD BE PROVIDED WITH ADEQUATE OFFICE SPACE. THE STATE HAS CONSTRUCTED NUMEROUS NEW BUILDINGS FOR VARIOUS STATE AGENCIES BUT HAS NEGLECTED THE PROVISION OF NECESSARY FACILITIES FOR THE LEGISLATURE. FOR

THESE REASONS, I RECOMMEND THE PASSAGE OF LEGISLATION WHICH WILL PROVIDE FUNDS IN THE AMOUNT OF \$1,320,000 FOR THE EXPANSION OF LEGISLATIVE HALL FROM THE CAPITAL INVESTMENT FUND AT AN EARLY DATE. AS I SAID EARLIER, I WILL COME BEFORE THIS SESSION AT A LATER DATE WITH RECOMMENDATIONS REGARDING OTHER PROVISIONS OF THE CAPITAL BUDGET.

A LATER MESSAGE WILL ALSO BE FORTHCOMING FROM ME CONTAINING RECOMMENDATIONS FOR ELECTION REFORM INCLUDING THE ESTABLISHMENT OF A BIPARTISAN STATEWIDE ELECTION SYSTEM. LEGISLATION TO ACHIEVE THAT EFFECT IS BEING PREPARED.

LADIES AND GENTLEMEN, I HAVE ENDEAVORED HERE TO SET THE TONE FOR SOME OF THE THINGS WHICH WE MUST ACHIEVE DURING 1967-68 IF DELAWARE IS TO CONTINUE TO BE, AS SHE HAS CONSISTENTLY BEEN IN THE PAST, A LEADER AMONG THE STATES OF THE UNION. WE ARE ONE OF THE FASTEST GROWING, ONE OF THE RICHEST, ONE OF THE MOST ATTRACTIVE AND ONE OF THE LEADERS AMONG THE STATES IN PROVIDING EMPLOYMENT FOR OUR PEOPLE. THAT SITUATION HAS NOT JUST COME ABOUT, FOR IN NATURAL RESOURCES WE ARE NOT ABUNDANT. BUT IT IS IN HUMAN RESOURCES THAT OUR GREATNESS IS PREEMINENT AND TRIUMPHANT. THE TASK OF GOVERNMENT IS TO UTILIZE THOSE HUMAN RESOURCES IN THE MOST EFFECTIVE MANNER POSSIBLE AND TO PROVIDE AN ATMOSPHERE IN WHICH PRODUCTIVITY, IMAGINATION AND CREATIVENESS MAY FLOURISH.

THE NEW YEAR OPENS TO THE LAST THIRD OF THE 20th CENTURY, A PERIOD OF ALMOST UNBELIEVABLE ACCOMPLISHMENT, YET A TIME OF STRESS

AND TURMOIL THAT HAS DEEPLY INVOLVED AND SIGNIFICANTLY INFLUENCED OUR ENTIRE CIVILIZATION. TODAY, WE IN DELAWARE, AS DO PEOPLE THROUGHOUT THE NATION, LOOK ACROSS THE MILES TO SOUTH EAST ASIA WHERE YOUNG CITIZENS FROM OUR BELOVED STATE ARE STANDING FIRM WITH HEROIC BRAVERY AND SACRIFICE AGAINST A TIDE OF AGRESSION, WHICH IF LEFT UNCHECKED WOULD EVENTUALLY AND SURELY SWEEP TO OUR OWN SHORES. ALL THAT WE CAN DO IN THEIR BEHALF IS SCARCELY ENOUGH. WE MAY DEBATE AND DISCUSS THE NATION'S POLICIES IN THIS TIME OF TRIAL AND CHALLENGE BUT EVEN THE TOWERING STRENGTH OF OUR DEMOCRACY CANNOT PERMIT NATIONAL DIVISION. LET US STEADFASTLY HOPE AND EARNESTLY PRAY THAT VIOLENCE OF CONFLICT WILL SOON ABATE AND THE CONFERENCE TABLE WILL REPLACE THE SAVAGERY AND BITTERNESS OF THE BATTLEFIELD. TO THIS END WE CONTINUE TO PLEDGE OUR ENDURING EFFORTS.

THERE ARE OTHER PROJECTS AND PROPOSALS WHICH I WOULD HAVE LIKED TO DISCUSS HERE TODAY BUT MY SPEECH, BECAUSE OF THE NECESSITY TO BRIEF YOU FULLY ON THE FINANCIAL PROSPECTUS, HAS ALREADY BEEN LONG AND I MUST CLOSE.

LET ME FINISH AS I BEGAN WITH A REMINDER THAT WE ARE ALL DELAWAREANS, ALL INVOLVED DEEPLY AND IRREVOCABLY WITH ONE ANOTHER AND THAT IT IS IN OUR COMMON INTEREST TO WORK TOGETHER, IRRESPECTIVE OF PARTY, TO RETAIN FOR OUR STATE THAT COVETED POSITION OF "FIRST" WHICH WAS BEQUEATHED TO US BY OUR FAR-SEEING ANCESTORS OF AN EARLIER GENERATION.



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